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**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

### OIL AND GAS LEASE

This Agreement (this "Lease") is made this 28<sup>th</sup> day of May, 2010, between **SOWELL PROPERTY PARTNERS-MANSFIELD, L.P.**, a Texas limited partnership whose address is 1601 Elm Street, Suite 300, Dallas, Texas 75201 ("Lessor"), and **BRAXTON ACQUISITIONS, LLC**, a Texas limited liability corporation ("Lessee") whose address is 3221 Collinsworth, Ste. 210, Fort Worth, TX 76107.

1. Lessor, in consideration of Ten Dollars (\$10.00), the agreements of Lessee herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby **Grant, Lease and Let** exclusively unto Lessee, subject to the Permitted Encumbrances, for the purpose of investigating, exploring and drilling for and producing oil, gas and associated hydrocarbons, injecting gas, water and other fluids and air into subsurface strata for development purposes, conducting geophysical operations, laying pipe lines, building roads, tanks and other structures relating to operations thereon to produce, save, take care of, treat, transport and own said products, the following described land, containing 83.407 acres, more or less, in Tarrant County, Texas (the "Leased Premises"):

See Exhibit "A" attached hereto and made a part hereof.

2. **Primary Term.** This is a paid-up lease and subject to the other provisions herein contained, this Lease shall be for a term of three (3) years from this date (called the "primary term") and as long thereafter as oil, gas and associated hydrocarbons are produced in paying quantities from said land or lands with which said land is pooled hereunder, or this Lease is otherwise maintained in effect pursuant to the provisions hereof.

3. **Information.** No later than ninety (90) days after drilling has been completed on any well on the Leased Premises (whether or not such well is a dry hole, shut in, or completed), Lessee shall furnish to Lessor a complete set of drilling logs, if Lessee elected to acquire such log information for such well, which log information shall be considered "Confidential" (as that term is defined herein). Lessee shall, when specifically requested by Lessor in writing, furnish Lessor with (i) copies of the relevant portions of any title opinions to the extent they cover the Leased Premises and (ii) copies of all non-confidential railroad commission reports filed by Lessee in connection with Leased Premises, (iii) if Lessee hereafter conducts or causes to be conducted a seismic survey on the Leased Premises, uninterpreted seismic data (in a format which can be loaded onto a seismic work station) covering the Leased Premises and (iv) results of any surveys conducted on wells drilled on the Leased Premises or on lands pooled therewith. Such data shall be furnished to Lessor within thirty (30) days of Lessee's receipt of a written request for such information; provided, however, Lessee shall not be required to provide Lessor with any production or reserve estimates or projections or interpretive geological data.

4. **Royalties.** The royalties to be paid by Lessee are described as follows:

a. Oil. On oil, to deliver to Lessor at the wells or to the credit of Lessor at the pipeline to which the wells may be connected, one-fourth (1/4th) of all oil and other liquid hydrocarbons (recovered or separated on the Leased Premises or lands pooled therewith) produced and saved from the Leased Premises or lands pooled therewith; or, at the Lessor's option, which may be exercised from time to time, Lessee shall pay to Lessor one-fourth (1/4th) of the market value at the well for such oil and other liquid hydrocarbons of like grade and gravity prevailing in the general area of the Leased Premises on the day such oil and other hydrocarbons are run from the lease stock tanks in the field.

b. Gas.

i. On gas produced from the Leased Premises or lands pooled therewith which is processed in a processing plant in which Lessee or any Affiliate (defined below) of Lessee has a direct interest, Lessor shall receive the higher of (a) one-fourth (1/4th) of the market value of such gas at the inlet to the processing plant, or (b) one-fourth (1/4th) of the market value of Lessee's retained share of all processed liquids saved from said gas at the plant, plus one-fourth (1/4th) of the market value of Lessee's retained share of all residue gas at the wellhead.

ii. On gas produced from the Leased Premises or lands pooled therewith, which is processed in facilities other than a processing plant in which Lessee or any Affiliate of Lessee has a direct market interest, Lessor shall receive one-fourth (1/4th) of the market value at the plant of Lessee's retained share of all processed liquids credited to the account of Lessee and attributable to such gas, plus one-fourth (1/4th) of the market value of Lessee's retained share of all residue gas at the wellhead.

iii. On all gas produced from the Leased Premises and sold by Lessee or used off the Leased Premises, but not including gas re-injected under a pressure maintenance program, and to which the preceding sub-sections (i) and (ii) above do not apply, Lessor shall receive one-fourth (1/4th) of the market value at the wellhead.

iv. On any gas paid for but not taken pursuant to a gas contract containing a take-or-pay clause or similar provision, Lessor shall receive its proportionate share of such payment (or any payment, judgment or similar award paid in connection with a take-or-pay clause or similar provision); provided, however, if such gas is subsequently taken, Lessor shall only receive its proportionate share of any payments made for make-up gas taken pursuant to such take-or-pay clause or similar provision.

c. Market Value/Proceeds. The term "market value," as used in this Paragraph 4, shall be considered to be the value of the gas at the wellhead if sold to pursuant to an arms-length contract to a purchaser who is not an Affiliate as defined below. Adjustments made by way of reimbursement for taxes shall likewise be considered as part of the purchase price in such contracts. The royalties payable under the Lease will be free of all production and post-production costs. It is the intent of the parties that the provisions of this section are to be fully effective and enforceable and are not to be construed as "surplusage" under the principles set for in Heritage Resources v. NationsBank, 939 S.W.2d 118 (Tex. 1997). Notwithstanding the foregoing, any post-production costs for transportation, compression and fuel incurred on an unaffiliated interstate or intrastate gas pipeline that result in enhancing the value of the marketable oil, gas or other products to receive a better price may be proportionately deducted from Lessor's share of production, so long as such deductions are based on Lessee's actual cost of such enhancements, do not exceed the actual value of such enhancements and do not exceed the price that would be paid under similar circumstances in an arms-length transaction between unaffiliated parties.

d. Gas Contract as Market Value. If the gas produced from the Leased Premises or lands pooled therewith is sold by Lessee pursuant to a "Market Gas Contract" (as hereinafter defined), then for the purposes of this Lease, the "market value" of the gas sold pursuant to such a contract shall presumed to be the total proceeds received by Lessee in such sale. A "Market Gas Contract" is a gas contract that (i) is an arms-length contract, (ii) is with a purchaser who is not an Affiliate (hereinafter defined) of Lessee, (iii) does not provide for any deduction from the sale price for any expenses, including, without limitation, expenses of production, gathering, dehydration, compression, manufacture, processing, treatment or marketing of the gas, other than transportation, and (iv) provides for (aa) net proceeds to be paid to Lessee that equal or exceed the market value of the gas at the point of delivery to such purchaser at the time such contract is entered into, and (bb) either redetermination of the prices at intervals no less frequently than annually or a price term that is based on a percentage of a published price in common use

in the industry in the area. For purposes of this Lease, (1) an "Affiliate" of an entity or a person is an entity or person that controls, is controlled by or is under common control with the other entity, (2) an officer, director or greater than 5% shareholder of a corporation, and the corporation are Affiliates, (3) a partner and the partnership are Affiliates, and (4) an officer, manager, or member of a limited liability company and the limited liability company are Affiliates.

e. *Additional Consideration.* Any money, proceeds or other consideration received by Lessee, or an Affiliate of Lessee, under or with respect to any agreement for the sale, use or other disposition of oil or gas production from or attributable to the Leased Premises or lands pooled therewith in the nature of (i) a bonus, dedication fee, or premium or any amount above or in addition to any market or indexed price or value, (ii) a prepayment for deliveries of such production to be made at a future date (or for deliveries of such production with the purchaser thereof may request at a future date), including, without limitation, any "advance payments" or "take-or-pay payments", (iii) a payment to modify the price or any other terms of a contract, or to terminate or rescind such contract or delay performance thereunder, or (iv) any and all other sums paid or to be paid to compromise claims in respect to such agreement for the sale, use or disposition of oil or gas production from or attributable to the Leased Premises or lands pooled therewith, shall be deemed proceeds from the Leased Premises or lands pooled therewith when received by Lessee and royalty thereon under this Lease shall be due and owing as if such production were produced and sold, used, or otherwise disposed of; provided, that all royalty amounts paid in respect of such payments shall be credited against and deducted from the royalty amounts due when and if production from the Leased Premises or lands pooled therewith in respect of which such payments were received is delivered by Lessee to the purchaser thereof. Lessor's royalty and payments to Lessor for Lessor's royalty for any such additional consideration shall always be subject to and shall bear, its entire proportionate share of any and all state, federal, production and severance taxes, if any.

f. *Due Date for Royalty Payments.* Lessee shall, on or before the 120<sup>th</sup> day after the end of the first month of sales of production and the 60th day after the end of each month thereafter, pay to Lessor in the manner specified in this Lease all royalties due to Lessor under this Lease for any oil, gas, or other substances produced and removed or sold from the land during said month. Provided, however, payments may be withheld without interest beyond the time limits set forth above when there is (i) a valid dispute concerning title that would affect distribution of payments, (ii) a reasonable doubt that the payee has sold or authorized the sale of its share of the oil or gas to the purchaser of such production or has clear title to the interest of production or (iii) a valid requirement in a title opinion that places in issue the title, identity, or whereabouts of the payee and that has not been satisfied by the payee after a reasonable request for curative information has been made by the payor. Provided, however, that if the amount of royalties due to Lessor for any month is less than \$25, payment of this amount to Lessor may be withheld until it equals \$25 or until the end of the calendar year in which the royalty became due. If not paid when due, Lessor's royalty will bear interest at the statutory rate provided in Section 91.401 of the Texas Natural Resources Code from due date until paid, which amount Lessee agrees to pay. Acceptance by Lessor of royalties that are past due will not act as a waiver or estoppel of its right to receive interest due thereon unless Lessor expressly so provides in writing signed by Lessor. The royalty payment obligations under this Lease shall not be affected by any division order or the provisions of Section 91.402 of the Texas Natural Resources Code or any similar statute, and the signing of a division order by any mineral owner may not be made a prerequisite to payment of royalty hereunder. The receipt by Lessee from a purchaser or a pipeline company of proceeds of production for distribution to Lessor will not result in Lessee's acquiring legal or equitable title to Lessor's share of those proceeds. Notwithstanding the insolvency, bankruptcy, or other business failure of a purchaser of production from the Leased Premises or lands pooled therewith or pipeline company transporting production therefrom, Lessee will remain responsible for payment to Lessor for, and agrees to pay Lessor, all royalties due hereunder, together with interest if not timely paid.

g. *Taking In Kind.* Lessor, at its sole option and discretion, may at any time and from time to time, give sixty (60) days written notice to Lessee that Lessor elects to take in kind and separately market its royalty share of the gas, including casinghead gas and other vaporous or gaseous substances or

distillate. Such election shall be for such period of time as Lessor may designate in its notice but not less than six (6) consecutive months, but shall commence on the first day of a calendar month and shall terminate on the last day of a calendar month. Lessor's option to take its royalty gas in kind shall not modify or limit Lessee's duty to pay royalties as provided herein or to market the gas at such times, and from time to time, as Lessor does not choose to take in kind and separately market its royalty gas. Lessee shall have no obligation to market Lessor's gas if Lessor elects to take its gas in kind. If Lessor elects to take in kind and separately market its royalty share of gas, Lessee shall deliver such gas to Lessor at the wellhead; provided that the cost for any equipment or facilities required to allow Lessor to take its share of gas in kind shall be borne by Lessor.

h. Minimum Royalties. At the expiration of the Primary Term of this Lease or cessation of the right to conduct continuous drilling operations, whichever is later, and during each year thereafter while this Lease is being maintained in force and effect by production in paying quantities of oil or gas or other substances produced in association therewith from the land covered hereby or from lands pooled therewith, Lessee agrees that the royalties provided for in Paragraph 4 hereof shall amount to not less than One Hundred dollars per net mineral acre for each mineral acre then covered by this Lease (the "Minimum Royalty"). If during any lease year the royalties paid to Lessor under this Paragraph 4 and any shut-in royalties under paragraph 6 do not equal or exceed the Minimum Royalty, Lessee agrees to pay to Lessor the difference between the amount of such royalties actually paid to Lessor during such lease year and the Minimum Royalty, such payment of the difference to be made by Lessee to Lessor within thirty (30) days after the end of such lease year. As used in this subparagraph, the term "lease year" refers to each one-year period commencing on the first day of the month in which this Lease is executed and on each anniversary of such first day of the month.

5. Payment of Royalties. Lessor and Lessee agree that any suit concerning the payment or non-payment of royalties payable under this Lease shall be brought in Tarrant County, Texas. Lessor and Lessee agree that venue in a suit concerning the payment or non-payment of royalty shall be proper in Tarrant County, Texas and Lessor and Lessee agree not to contest this venue.

6. Shut-in Royalties. If at any time after the later of (a) the expiration of the primary term of this Lease, or (b) the termination of the continuous drilling program described in Paragraph 8, there is any well on the Leased Premises or on lands within a Permitted Pooled Unit, capable of producing gas in paying quantities or a well that has been drilled which requires only fracing in order to be capable of producing oil or gas, but the production thereof is shut-in or suspended for any reason, and if this Lease is not then continued in force by some other provision hereof, then this Lease shall nevertheless continue in force for one (1) year from the date the well is shut in (a "Shut-In Period"), if within sixty (60) days after the date the well is shut-in Lessee gives a payment to Lessor of an amount equal to One Hundred Dollars (\$100.00) per net mineral acre of land included in the Leased Premises held by such shut-in well for one Shut-In Period, along with a statement of the date the well is shut in. Resumption of production or commencement of operations will interrupt the Shut-In Period. No acreage within the Leased Premises shall be maintained by payment of shut-in royalties for more than two (2) consecutive Shut-In Periods, or for more than a total of forty-eight (48) months in the aggregate.

7. Retained Acreage.

a. On the date of expiration of the primary term hereof or cessation of the right to conduct continuous drilling operations, whichever is later, this Lease shall ipso facto terminate (i) except insofar as it covers a Retained Tract (as the same is hereafter designated) surrounding each well then completed as a well capable of producing oil and/or gas in paying quantities, and (ii) separately with respect to each Retained Tract, insofar as it covers all rights and formations at all depths below 100 feet beneath the stratigraphic equivalent of the base of the productive interval. For the purposes hereof, a Retained Tract shall be a tract within the confines of two hundred (200') feet on either side of the center line of the well bore between the upper penetration point to the terminus of each well on the Leased Premises or lands pooled therewith that is producing in paying quantities. If there are two (2) or more wells drilled on the

Leased Premises or lands pooled therewith, all of the Leased Premises shall be deemed to be in a Retained Tract.

b. As to any portion of the Leased Premises for which this Lease is terminated pursuant to the terms of Paragraph 7, Lessee may re-lease such portion for a term of one (1) year, for a bonus consideration of \$5,000 per net mineral acre, and otherwise on the same terms and conditions as herein contained. Any such re-lease will be effective only if Lessee gives written notice thereof, along with payment of the bonus consideration and its proposed Retained Tract(s) described above, within thirty (30) days after the expiration of the primary term.

c. If (i) this Lease terminates as to any portion of the Leased Premises that contains the Surface Site or any portion thereof, the access way permitted hereunder, or any subsurface easements granted or deemed granted hereunder, and (ii) one or more of the Producing Laterals have their surface hole location on the Surface Site, then Lessor and Lessee will enter into a surface use agreement as to any such rights.

8. **Continuous Development; Cessation of Operations.** At the expiration of the primary term, as to any portion of the Leased Premises that would be released pursuant to the provisions of Paragraph 7 above, such portion shall not be automatically released if Lessee is then engaged in a drilling operation or completed drilling operations on a well within ninety (90) days prior to the end of the Primary Term, or engaged in a reworking operation or any other operation reasonably calculated to obtain or restore production of an oil or gas well on the Leased Premises or lands pooled therewith. If such oil or gas well is producing in paying quantities on the 90th day after the end of the primary term or is plugged and abandoned as a dry hole, then this Lease shall continue in full force and effect so long as Lessee diligently prosecutes continuous operations with no more than 180 days between the completion date of one well as a producer or dry hole and the commencement of a subsequent well. "Completion date" in this Paragraph 8 means either (a) the date the well is plugged and abandoned as a dry hole, or otherwise, (b) the date the completion rig is released. After the expiration of the primary term, either (a) failure to prosecute the continuous development program or (b) a cessation of operations for more than 90 consecutive days, shall automatically terminate this Lease as to all of the Leased Premises except the Retained Tracts as described in Paragraph 7. The commencement or continuation of the continuous development program shall be at Lessee's option and is not considered an obligation or covenant of Lessee. For the purposes of this Lease, the term "operations" means operations for any of the following: drilling, testing, completing, fracing, reworking, recompleting, deepening, plugging back, or repairing of a well in search of or in the endeavor to obtain, maintain, re-establish or enhance production of oil or gas with no cessation of more than ninety (90) days.

9. **Commencement.** "Commencement" of a well or drilling operations means (1) the actual entry of the drill bit of a rig, capable of achieving the total depth permitted and approved by the Railroad Commission of Texas, into the soil of the Leased Premises or lands pooled therewith and the timely prosecution of such actual drilling operations with reasonable diligence to the completion of same as a dry hole or commercial well; or (2) the actual re-entry into an existing wellbore with a drilling or workover rig capable of re-entering such well for the purpose of completing such well in previous uncompleted and unproduced zones and the timely prosecution of such actual re-entry operations, with reasonable diligence, toward the completion of such uncompleted and unproduced zone or zones encountered in such wellbore as either producing or dry zones. The commencement of reworking operations shall mean the actual re-entry into an existing wellbore with a drilling or workover rig capable of re-entering and reworking such well and the timely prosecution of such actual reworking operations with reasonable diligence toward the re-establishment or enhancement of production of commercial oil or gas from such previously producing zone or zones, which such actual reworking operations can include legitimate swabbing operations provided that same are made in good faith with the legitimate objective of increasing production from the well or wells in question.

10. **Offset Wells.** If the nearest bottom-hole producing perforations of a well capable of producing oil, gas or associated hydrocarbons in paying quantities is completed within 330 feet of the lease line of the Leased Premises, or if the Leased Premises is in a designated unit, within 330 feet of the unit boundary (a

**"Neighboring Well"**), and Lessee has not drilled a well within 400 feet of the same lease line or unit boundary, then within six (6) months of the completion of such well, Lessee must either (i) commence the drilling of an offset well on the Leased Premises or lands pooled therewith, or (ii) release from this Lease an offsetting tract consisting of that portion of the Leased Premises within 330' from the wellbore ("Affected Tract"), or (iii) pay to Lessor a substitute royalty calculated using the percentage set forth in Paragraph 4, multiplied by a fraction with the numerator being the linear feet of treatable lateral within 330' of the Affected Tract and the denominator being the total linear feet of treatable lateral in the Neighboring Well applied against 100% of the production reported to the RRC from the Neighboring Well, and the Market Value (as defined in Paragraph 4 hereof) of such production. In such latter event (iii), as long as Lessee may elect to pay such substitute royalty in lieu of drilling, reworking or recompleting as offset well, Lessee shall have satisfied its offset obligation to Lessor as to such well pursuant to this Paragraph 10.

**11. Separate Tracts.** If this Lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this Lease. As used in this paragraph, the words "separate tract" mean any tract with royalty or non-executive interest or ownership differing, now or hereafter, either as to parties or amounts, from any other part of the Leased Premises. Further, the execution hereof shall not amount to an offer to any owner of a non-executive interest to effect such a pooling by the ratification of this instrument. No offer to pool any such non-executive interest is extended to any owner thereof, nor shall any such offer be implied from the fact that this Lease covers separate tracts, nor shall any pooling be effected otherwise than by Lessee's express exercise of the pooling authority granted hereby. Lessor and Lessee expressly disavow the holding in *London v. Merriman*, 756 S.W.2d 736 (Tex. App. – Corpus Christi 1988, writ denied), and the ratification of this Lease by the owner of any non-executive interest shall apply only to each separate tract in which such owner owns such interest, and shall not effect affect any pooling with the balance of the Leased Premises. Pooling hereunder, if effected as a result of Lessee's exercise of the pooling authority granted hereby, shall not result in any cross-conveyance of interests among the owners of non-executive interests and Lessor.

**12 Separate Lease/Cessation of Production.** After the expiration of the primary term (or if applicable the failure to maintain continuous development operations as described in Paragraph 8 hereof), the portion of the Leased Premises allotted to each producing well pursuant to Paragraph 7 hereof shall be considered as if covered by a separate lease containing the same terms and provisions as stated herein, so that thereafter, each separate lease shall be kept in force and effect only by actual production from, operations upon, or shut-in payments to Lessor for that particular tract, or lands pooled therewith, without regard to production or drilling operations upon other tracts retained by Lessee under the terms hereof. If, after the expiration of the primary term (or if applicable the failure to maintain continuous development operations as described in Paragraph 8 hereof), any well producing oil, gas or associated hydrocarbons in paying quantities ceases such production, this Lease shall terminate as to the acreage held by such well unless within ninety (90) days after such cessation of production, Lessee commences operations in an attempt to re-establish production in paying quantities from such well. This Lease shall be maintained as to such acreage for another ninety (90) consecutive days after Lessee commences such operations in an attempt to re-establish production, or, if production in paying quantities is re-established within the first or second 90-day period, as long thereafter as oil, gas and associated hydrocarbons are produced in paying quantities from such well.

**13 Other Minerals.** This Lease shall be limited to oil, gas and other associated hydrocarbons and sulphur produced through the well bore with oil and gas. All references in this Lease to other minerals are hereby deleted.

**14 No Warranty.** This Lease is granted without warranty, express or implied, in law or in equity; provided that, Lessee, at its option, may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in the event Lessee does so, it shall be subrogated to any such lien with right to enforce same and apply rentals and royalties accruing hereunder towards satisfying the same. If this Lease covers less than one hundred percent (100%) of the interest in oil, gas and associated hydrocarbons, all monies accruing


hereunder to Lessor shall be paid in proportion to the interest covered by this Lease.

**15 Indemnity; Insurance.**

a. Lessee shall and hereby agrees to indemnify, hold harmless, and defend Lessor from and against, and reimburse Lessor and each of its partners, officers, agents, counsel, administrators, trustees, successors and assigns for and with respect to, any and all claims, liens, losses, damages, liabilities, actions or causes of action, suits, fines, judgments, penalties, costs and expenses (including reasonable attorneys fees, court costs, and costs of investigation) of any kind or character, imposed on, asserted against or incurred by Lessor at any time, and from time to time: (i) by reason of any violation by Lessee of any applicable environmental laws or (ii) otherwise arising in whole or in part out of Lessee's operations on the Leased Premises, any lands pooled therewith or in the vicinity thereof, including any acts or omissions of Lessee with respect to said lands. Lessee shall be subrogated to the indemnified parties with respect to all rights such indemnified parties may have against third parties with respect to matters as to which Lessee provides indemnity and/or defense to said indemnified parties. However the indemnity shall not apply, to the extent that the subject of the indemnification arises out of the sole passive negligence, or the sole active negligence or willful misconduct of the indemnified party.

b. At all times while this Lease is in force, Lessee shall acquire and maintain insurance covering all of its operations on the Leased Premises or lands pooled therewith, including any work performed on its behalf by contractors, subcontractors, employees, agents, and others. The policies shall include coverage for comprehensive general liability, for bodily injury and property damage, blowout and loss of well, explosion, collapse or underground hazards, completed operations, and coverage for damage to the environment, including coverage for the cost of cleanup and remediation, and shall, to the extent of Lessee's indemnity obligations under this lease, name Lessor as an additional insured, subject to the terms and conditions of each policy providing such coverage. The coverage shall be in the minimum amount of \$5,000,000, and shall be endorsed waiving the issuing insurance company's rights of recovery against Lessor, whether by subrogation or otherwise. Within thirty (30) days after the date of this Lease, and subsequently, within thirty (30) days after Lessee's receipt of a written request from Lessor, Lessee shall furnish a certificate from the issuing insurance company or companies evidencing the coverage and the foregoing requirements.

**16 Assignment.** It is expressly understood and agreed by and between Lessor and Lessee that Lessee may not, and shall not, without the prior written consent of Lessor, which consent shall be given at the sole discretion of Lessor, assign, transfer, or convey this Lease in whole or in part, or Lessee's interest in and under this Lease or in the oil and/or gas in the land or produced from the land under this Lease. Notwithstanding the foregoing, Lessee may assign this Lease within sixty (60) days of the execution of the Lease to EOG Resources, Inc., without the written consent of Lessor. Notwithstanding the foregoing, Lessee may make assignments to working interest owners who have no control over operations, provided that such assignments shall not relieve the Lessee of any liability for the performance of its obligations hereunder. In the event of such permitted assignment, all of the covenants, obligations, and considerations of this agreement and Lease shall extend to and be binding on Lessor and Lessee, respectively, and on the heirs, devisees, legatees, executors, administrators, successors, assigns, and successive assigns, of each and all of them. No change in the division or ownership of the land, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee hereunder; and no change or division in such ownership shall be binding on Lessee until sixty (60) days after Lessee shall have been furnished by registered U.S. Mail at Lessee's principal place of business with a certified copy of the recorded instrument or instruments evidencing such change of ownership. Similarly, no assignment of this Lease (including working interest assignments), in whole or in part, shall be binding on Lessor until thirty (30) days after Lessor shall have been furnished by registered U.S. Mail at Lessor's principal place of business with a certified copy of the recorded instrument or instruments evidencing such assignment.

or  
withheld  


**17. Pooling.**



(a) Lessee shall have the right to pool all, but not less than all, of the Leased Premises with any other lands or interests, and as to any or all substances covered by this Lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the Leased Premises, whether or not similar pooling authority exists with respect to such other lands or interests; provided, however, that the entire Leased Premises covered by this Lease shall be included in any unit(s) created pursuant to the pooling authority granted herein. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed one hundred twenty (120) acres plus a maximum acreage tolerance of ten percent (10%), and for a gas well or a horizontal completion shall not exceed four hundred (400) acres plus a maximum acreage tolerance of ten percent (10%). For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel, and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment, and "horizontal completion" means a well in which the horizontal component of the gross interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, within one hundred twenty (120) days of first production, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling which may be retroactive to first production. Production, drilling or reworking operations anywhere on a unit, which includes the Leased Premises, shall be treated as if it were production, drilling or reworking operations on the Leased Premises.

(b) Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, to adjust the unit because acreage is released pursuant to Article 7 above, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. If the Property is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

(c) Except as otherwise provided in this Lease, production, drilling or operations anywhere on a pooled unit that includes all or any permitted part of the Leased Premises shall be treated as if it were production, drilling or operations on the Leased Premises, except that the production on which Lessor's Paragraph 4 royalty is calculated shall be that proportion of the total pooled unit production that the net mineral acreage covered by this Lease and included in the pooled unit bears to the total acreage in the unit.

**18. Water.** Except as may be specified in Paragraph 21 of this Lease, Lessee shall not have the right to drill water wells on the Leased Premises or use water obtained from the Lessor's existing water wells, tanks or ponds.

**19. No Salt Water or Waste Injection Wells.** Except as may be specified in Paragraph 21 of this Lease, Lessee shall have no right to dispose of produced water on the Leased Premises, whether or not such water was produced or obtained from the Leased Premises. All permitted water disposal or injection wells will be completed, operated and maintained to prevent contamination of any zone producing or capable of producing fresh or potable water. Lessee shall so conduct his operations that no oil or salt water or other deleterious substances shall escape and gather so as to be accessible to the livestock of Lessor or its tenants.

**20. Damages and Restoration.** At all times while this Lease is in effect, Lessee shall maintain the site of operations in a neat, orderly and safe condition, free of litter and free of all objects not reasonably



necessary to the operation. Lessee shall pay Lessor for all damages and losses caused by operations hereunder to timber, pastures, livestock, growing crops, fences, roads, water and irrigation wells, groundwater, and to any physical structures on the land caused by any and all operations under this Lease, including, but not limited to, damages for roads, locations, pipe lines, etc. on or across the Leased Premises. Damages will be the market value of the item diminished or destroyed. The foregoing shall not be construed to grant surface rights that are otherwise reserved by Lessor, waived by Lessee, or limited pursuant to the terms of Paragraph 21 hereof. The consideration paid pursuant to Paragraph 22 shall be deemed sufficient to cover all damages and losses on the Surface Site and on the access way described in Paragraphs 21.a and 21.b.

**21. Surface Rights; Limitations.** Notwithstanding any provision to the contrary set forth in this Lease, except as specifically permitted in this Paragraph 21, Lessee does hereby expressly release, waive, relinquish and surrender forever, on behalf of Lessee, its successors and assigns, any and all rights to use the surface estate of said Leased Premises. Lessee reserves, however, subject to the terms of this Lease and the Permitted Encumbrances, for itself, its successors and assigns, the rights, but not the obligation, to develop and produce such oil, gas and other minerals by pooling or by directional or horizontal drilling from Surface Site or from other lands, provided that no penetration of the subsurface of said Leased Premises, other than the Surface Site, may be made at a depth which is less than two hundred fifty feet (250') below the surface of the earth of said Leased Premises.

a. Surface Site. Lessee may use only that certain portion of the Leased Premises described by metes and bounds on Exhibit "B" attached hereto and incorporated herein by reference for all purposes (the "Surface Site"), during the term hereof, for access, exploration, drill sites, roads, and pipelines for any well drilled on the Leased Premises or lands pooled therewith, and all such uses shall be in strict compliance with this Lease and the Permitted Encumbrances (hereinafter defined), and all drilling operations must be conducted from, and all tank batteries, compression stations and other surface facilities and appurtenances, must be located on, the Surface Site. No modification of the boundaries of the Surface Site or the access way described below shall be effective except by a duly recorded amendment to this Lease signed by Lessor and Lessee, incorporating a metes and bounds description of the modified Surface Site. Lessor shall not unreasonably withhold or delay its consent to any such modification reasonably requested by Lessee. At the conclusion of Lessee's continuous operations hereunder, in the event there is no more than one (1) well, the Surface Site shall be reduced to an area approximately 300' x 300'. In connection therewith, within one (1) year after the completion of the last well on the Surface Site, Lessee shall provide to Lessor a metes and bounds description of the contracted Surface Site unless Lessee has plans within the ensuing year to drill an additional well(s) from the Surface Site.

b. Access. Access to the Surface Site shall be only by means of (i) public roads adjacent to the Surface Site, (ii) any access easements appurtenant thereto, and (iii) a 24-foot wide portion of the Leased Premises adjacent to a portion of its west boundary as depicted on Exhibit "B-1" attached hereto and incorporated herein by reference.

c. Topsoil. Lessee shall advise Lessor in writing of its intention to begin the initial operations on the Surface Site on or before thirty (30) days prior to the commencement of such operations. Prior to commencement of any drilling operation or construction of any pipeline or road permitted hereunder, Lessee will remove the topsoil from the area to be affected and stockpile the topsoil in a location to be designated by Lessor on the Leased Premises.

d. Restorative Work. After completion of any well drilled on the Surface Site, Lessee shall fill to at least ten (10) inches above ground level all slush pits, cellars, and circulating pits within a reasonable amount of time after completion of each well; or if the pits or well cellars are too wet to cover, they may be fenced by Lessee with a substantial net wire fence until they are dry enough to be filled, at which time they shall be filled. No pits, other than small pits not larger than ten (10) feet by thirty (30) feet (which shall be securely fenced) as provided above, at each producing well shall be maintained on the Leased Premises. Within three (3) months after Lessee's abandonment of any drill site, operation or road, Lessee

will notify in writing and confer with Lessor, and Lessee shall clean the site or road; shall fill, level and smooth all mounds, pits, ruts, and other excavations (after being allowed to dry out); shall replace, level, and smooth all the topsoil removed from such area; shall remove all caliche from the site or road; and shall seed with Lessor's choice of grass the site or road and otherwise return the site or road to its natural state as is reasonably practicable.

e. Pipelines. Lessee shall have the right to lay pipelines on the Surface Site to the extent necessary for Lessee's operations on the Leased Premises so long as such pipelines are buried at least thirty-six inches (36") deep, except if solid rock is encountered, in which case the minimum depth shall be eighteen inches (18"). If subsurface pipelines across the Leased Premises other than the Surface Site are necessary for transportation of production to a regional pipeline, Lessor and Lessee will mutually agree on the location and terms for such subsurface pipeline and will execute a separate subsurface easement for such pipeline. Lessee shall not have the right to gather, transport or otherwise carry in any such pipelines any oil, gas or other substances that are not produced from the Leased Premises or lands pooled therewith.

f. Fences; Gates. Before Lessee begins any operations on the Surface Site, Lessee will coordinate with Lessor and Lessor's agricultural tenant(s) and will construct any and all fencing and gating reasonably required by Lessor and/or Lessor's agricultural tenant(s). Lessee agrees to install and maintain fences sufficient to turn livestock, surrounding all pits, pump jacks, motors, and other surface facilities of Lessee on the Leased Premises. Lessor shall inform Lessee of the type of fence to be installed by Lessee, which shall be consistent with other fences on the Leased Premises. Lessee shall construct cattle guards and/or gates where any new road crosses any fence on the Leased Premises. Lessor shall notify Lessee of the type and whether or not a cattle guard, gate and/or a lock are required where any new road crosses an existing fence. Lessee shall keep all cattle guards free of dirt, mud and debris. Lessee's employees, agents and subcontractors will keep all gates closed. At the conclusion of Lessee's operations on the Leased Premises, or upon partial or complete termination of this Lease, all gates and cattle guards installed by Lessee will be left in place and become the property of Lessor, or at Lessor's option, Lessee will remove them and restore the fence(s) to its original condition as is reasonably practicable. Lessee, its agents, employees and subcontractors shall lock all gates required by Lessor to be locked. Lessee shall provide Lessor with a key to all locks installed by Lessee on gates on the Leased Premises.

g. Roads. Lessee shall have the right to construct a road to access the Surface Site as permitted in this Paragraph 21, and roads as reasonably necessary on the Surface Site. Roads shall be constructed out of materials as may be required by applicable governmental laws, rules and regulations. Lessee, at its sole cost and expense, shall properly maintain all roads constructed by Lessee. The use of all such roads shall be confined to Lessee, its agents, employees and subcontractors for lease operations only, and to the use of Lessor, the surface owner and surface tenants. A valuable part of the consideration for Lessor's execution of this Lease is Lessee's agreement and obligation that Lessee, its agents, employees and subcontractors stay within the boundaries of any existing or new roads while on the Surface Site. If the condition of any road on the Surface Site necessitates a diversion of vehicular traffic outside of the boundaries of such roads, Lessee shall promptly repair the roads to allow the passage of vehicular traffic. If Lessee, its agents, employees or subcontractors travel outside the boundaries of any roads on the Surface Site, Lessee shall reasonably promptly repair any damage done by the vehicular traffic outside of the boundaries of the roads.

h. Clean-up/Discharges. A valuable part of the consideration for Lessor's execution of this Lease is Lessee's agreement and obligation to maintain all well sites, tank batteries, compression stations and all other surface facilities in a clean, neat and orderly fashion, including, but not limited to, painting, keeping all lease equipment in good repair, weed control and properly maintaining all lease roads, well sites, tank batteries, compression stations and other surface locations of Lessee on the Leased Premises. Lessee agrees not to discharge any oil, condensate, salt water, or any substances used in drilling or production onto the Leased Premises under any circumstances, and as to the Surface Site, not without Lessor's prior written consent. Prior to commencing production from any well on the Leased Premises, the tanks and


other storage vessels shall be enclosed by an earthen berm of sufficient height to contain any discharge that might occur. In the event that there is a discharge, Lessee agrees to fully restore the affected area of such lands as is reasonably practicable and immediately report such discharge to Lessor, and, if applicable by law, to the appropriate governmental authority having jurisdiction over such discharge.

i. Hunting/Recreation. Lessee agrees that any party entering the Leased Premises pursuant to this Lease will not carry on any activity except those operations necessary in connection with exploring for and producing oil and/or gas. Lessee further agrees that all persons entering said land pursuant to this Lease will not hunt, fish, hike, camp, carry firearms, bring dogs or use any part of the Leased Premises for recreational or other purposes. Lessor reserves the right to exclude from the Leased Premises any individual who has violated this provision and Lessee agrees, upon written notice, to notify said individual that he/she will not be allowed to enter the Leased Premises.

j. Compressors. Any compressors placed on the Surface Site shall utilize such noise reducing technology as may be required by applicable governmental rules and regulations.

k. Additional Application of Surface Use Provisions. If Lessee acquires an oil and gas lease from a person or entity other than Lessor covering the Leased Premises, then, Paragraph 21 of this Lease shall apply to and control the use by Lessee of the surface of the Leased Premises.

l. Seismic Investigations. In the event Lessee conducts any exploration, geologic and geophysical surveys by vibrioses, weight drop seismograph, or any other method upon the Leased Premises or any portion thereof, then (i) once commenced, the geophysical operations must be completed within a reasonable time; (ii) at the conclusion of the geophysical operations, Lessee must restore any surface disturbances and remove any debris; and (iii) Lessee must strictly comply with all federal, state, city, and county regulations in conducting the geophysical operations.

22. Separate Consideration for Surface Rights. As additional consideration for the surface rights granted to Lessee hereunder, Lessee ~~if Lessee exercises the optional right to use the Surface Site for drilling operations,~~ shall pay to Lessor a sum of money up to the amount calculated as \$45,000.00 per acre of land contained in the Surface Site (the "Surface Rights Payment"). One-half of the Surface Rights Payment shall be earned by and paid to Lessor simultaneously with execution of this Lease by Lessor as payment for granting the optional right to use the surface of the property. If Lessee exercises its optional right to use the surface, the other One-half (1/2) of the Surface Rights Payment, shall be paid to Lessor promptly upon the approval of the Specific Use Permit by the City of Mansfield to drill from the Surface Site. 

23. Most Favored Nations. Lessee covenants and agrees to use its best and most expedient efforts to acquire oil and gas lease rights located within the same production unit of the Leased Premises ("Unit Leases") for the purpose of aggregating such Unit Leases with the Leased Premises into a pooled unit and developing the oil and gas within such pooled unit through the drilling of horizontal wells. If within the primary term of this Lease, Lessee acquires Unit Leases that consist of ten (10) net mineral acres or more per lease, the bonus rate and/or the royalty percentage rate (not considering the overriding royalty payable hereunder) for which exceeds the bonus rate paid to Lessor for this Lease and/or the royalty percentage rate set forth in Paragraph 4 hereof, Lessor shall be entitled to receive such excess, and this Lease shall be amended accordingly. By way of example, if the bonus payment to Lessor for this Lease is \$2,000 per net mineral acre, and the bonus rate for Unit Leases with tracts consisting of ten (10) net mineral acres or more is \$2,500 per net mineral acre, then Lessee shall be obligated to pay Lessee an additional bonus calculated as \$500.00 per net mineral acre of the Leased Premises. Similarly, by way of example, if the royalty percentage for Unit Leases that consist of ten (10) net mineral acres or more per lease exceeds 25%, then Lessee shall be obligated to amend this Lease such that the royalty percentage stated in Paragraph 4 is increased to the weighted average of the subject Unit Leases (by net mineral acres). In this regard, Lessee will provide to Lessor a true and correct copy of each Unit Lease, written statement of the bonus rate paid therefor, and a copy of each check or draft therefor once a year.

**24. Interference.** Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling or reworking operations thereon, or from producing any oil, gas or associated hydrocarbons therefrom, by operation of force majeure, Lessee shall give to Lessor prompt written notice of (i) the covenant or action that is being prevented, (ii) the force majeure that is preventing Lessee from complying or carrying out such action, and (iii) the date that such prevention began, and in that event, while so prevented, Lessee's obligation to comply with such covenant or take such actions shall be suspended, and Lessee shall not be liable in damages for such failure to comply therewith; and this Lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the Leased Premises; provided, however, this paragraph shall not be effective in event to extend this lease or to extend any period of time within which lessee is obligated to take an action hereunder for more than 360 days. The term "force majeure," as used in this paragraph, shall mean an act of God, strike, lockout, or other industrial disturbance, act of public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental action, governmental delay, including but not limited to delay in obtaining necessary permits, approvals or orders from the railroad commission or any other federal, state or local governmental agency or body, or any regulatory delay caused by such governmental agencies or bodies, but only when such governmental actions and delays are in excess of what could reasonably be anticipated by Lessee, and only if such governmental actions and delays are not due to any action, inaction, or delay on the part of Lessee.

**25. Notice.** Any notice to be given or to be served upon any party hereto in connection with this Lease must be in writing, and may be given by certified or registered mail or U.S. regular mail and shall be deemed to have been given and received three (3) days after a letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail or when actually received, whichever is later; and if given otherwise than by certified or registered mail, it shall be deemed to have been given when delivered to and actually received by the party to whom it is addressed. Such notices shall be given to the parties hereto at the addresses set forth in this Lease, except that any party hereto may, at any time by giving ten (10) days written notice to the other party hereto, designate any other address in substitution of the foregoing address to which such notice shall be given.

**26. Books and Records.** Lessee shall keep true, accurate, and complete books, records, accounts, contracts, reports, and data concerning oil and/or gas produced, sold, used, and vented/flared under this Lease sufficient to support and to verify calculation of royalties payable under this Lease and Lessee's compliance with all terms, covenants and conditions of this Lease. Lessor shall have the right, at all reasonable times (but not more than once during any 12-month period) and upon reasonable notice, personally or by representative, to inspect at the office of Lessee, the pertinent books, accounts, contracts, records and data within the possession or control of Lessee pertaining to the production, transportation or sale of oil or gas or related products produced from the Leased Premises or lands pooled therewith, including, without limitation, statements from third parties that verify price, value or quantity of such minerals produced from said lands (collectively, the "Auditable Materials"). If Lessor's inspection of such materials reflects that the royalties required under the Lease have been improperly paid by an amount in excess of one hundred dollars (\$100.00) in any one month period, or by an amount in excess of five hundred dollars (\$500.00) in a consecutive six (6) month period, then Lessee shall pay to Lessor the amount of any underpayment, along with reimbursement of up to \$5,000.00 of all reasonable fees and costs actually incurred by Lessor in carrying out its inspection, including, without limitation, the reasonable cost of hiring an independent auditor to carry out such inspection on behalf of Lessor. Lessee shall keep open and available for inspection by Lessor all Auditable Materials throughout the term of this Lease and for a period of three (3) years following its expiration or termination. All such materials submitted by Lessee to Lessor or Lessor's representative shall remain confidential and used only for purposes of inspection under this Lease.

**27. Access to Well, Lease, and Land Records and Contact with Lessee.** Upon Lessor's demand, Lessee will provide to Lessor a copy of daily drilling reports, a print of drilling logs, electrical logs, and surveys made in connection with any well drilled on the Leased Premises and such information shall be considered Confidential (as defined herein). Lessee shall also provide an authorized and qualified contact

person(s) for Lessor to communicate with regarding the status of well operations on the Leased Premises or lands pooled therewith. Lessee, in its sole discretion, may place reasonable restrictions on Lessor's access to the drill site for purposes of maintaining a safe work site.

**28. Consideration.** A portion of the consideration mentioned in Paragraph 1 is for the execution of this Lease and shall not be allocated as a mere rental for a period. Lessee may at any time execute and deliver to Lessor or place of record, a release covering any portion or portions of the Leased Premises and thereby surrender this Lease as to that portion or portions and be relieved of all obligations as to the acreage surrendered.

**29. Release of Lease.** In the event of a full or partial termination of this Lease under the provisions hereof, Lessee shall at its expense execute and deliver unto Lessor a good and sufficient release of this Lease in recordable form as to all lands and all substances as to which it shall have terminated.

**30. Title Opinions and Abstracts.** If Lessee shall have the title to the Leased Premises or any part thereof examined by an attorney, Lessee agrees to furnish Lessor with a copy of the relevant portions of such attorney's title opinion and any curative documents and supplemental opinions, to the extent that they concern the Leased Premises, within a reasonable time after receipt of Lessor's written request to receive a copy of same. If Lessee causes an abstract of title or supplement thereto to be prepared, Lessor shall have the right to review and examine such abstracts, to the extent they concern the Leased Premises on reasonable notice.

**31. Overriding Royalty Interest.** If Lessee exercises the optional right to use the Surface Site for drilling operations and drills a producing well on the Surface Site, Lessee, for itself and all working interest owners, shall grant to Lessor an overriding royalty interest equal to three percent (3.0%) of 8/8ths (the "Overriding Royalty") of all oil and gas produced from any and all wells that are located on or drilled from the Leased Premises for the benefit of any mineral estate, including the Leased Premises. Each assignment of Overriding Royalty shall be executed and delivered to Lessor in substantially the form attached hereto as Exhibit "D" within fifteen (15) days after the spudding of the applicable well on the Leased Premises or any lands pooled herewith and shall be effective from the date of first production. The provisions of this Paragraph 32 shall survive the termination or expiration of this Lease. In the event this Lease terminates as to all of the Leased Premises pursuant to the provisions of Paragraphs 7 and 8 hereof but Lessee remains entitled to use the Surface Site, the Overriding Royalty payable hereunder shall be increased to five percent (5%),

**32. Encumbrances.** This Lease is given and accepted subject and subordinate to any and all restrictions, covenants, conditions, easements, building lines, encumbrances, reservations, zoning laws, regulations, and other matters, including, but not limited to, minerals previously reserved or conveyed, if any, relating to the Leased Premises, but only to the extent that they are still in effect and shown of record (said instruments being referred to herein as the "Permitted Encumbrances"), including, without limitation, the rights of the grantees not reserved by Lessor under the terms of that certain Special Warranty Deed to FS Towne Crossing, L.P., dated 7/15/03 and recorded as Instrument No. D203258781, Deed Records of Tarrant County, Texas, and that certain Special Warranty Deed to GBL Mansfield II, Inc., dated 6/15/05 and recorded as Instrument No. D205170835, Deed Records of Tarrant County, Texas.

**33. Wells Drilled to the Barnett Shale.** All wells drilled from the Leased Premises and completed in the Barnett Shale formation, shall be drilled with a horizontal drainhole (as defined in Texas Railroad Commission, Oil and Gas Division, Rule 86) with a horizontal drainhole displacement (as defined in Texas Railroad Commission, Oil and Gas Division, Rule 86) of not less than 2,000 feet (unless Lessee is prevented from achieving said distance by physical impediments after making a good faith attempt to do so or by any governmental authority).

**34. Recording of Lease.** Lessor and Lessee agree that any separate document that is referred to in this Lease as being a part of this Lease but is not filed for record with this Lease shall nevertheless be binding

on the parties hereto, and a true, correct, and complete copy thereof shall be promptly made available to the successors and assigns of either party hereto.

**35. Miscellaneous Provisions.**

a. Nothing in this Lease negates the usual implied covenants imposed upon Lessee under applicable law.

b. If Lessee does not comply with any of the provisions of this lease, Lessee shall be obligated to pay all reasonable and necessary attorney fees and taxable court costs incurred by Lessor in the enforcement of this Lease. Lessor's entitlement to reimbursement for said costs are in addition to all damages and other relief to which Lessor may be entitled hereunder or under applicable law.

c. Lessee will conduct all operations hereunder in compliance with the rules of the Railroad Commission of Texas and federal and state environmental laws and regulations and municipal ordinances, if applicable.

d. If any term or provision of this instrument, or any application of such term or provision, shall be declared invalid or unenforceable, no other term or provision of this instrument shall be affected thereby, and such invalid or unenforceable term or provision, if any, shall be deemed stricken without affecting the other terms and provisions hereof.

e. The term "production" means production in paying quantities. No obligation of Lessee to pay money under this Lease will be excused or delayed by reasons of *force majeure*.

f. The execution or ratification by Lessor of any division order, gas contract, or any other document will not alter any provision of this Lease unless the intent to do so is expressly stated in the document.

g. The term "Confidential" applied hereunder to any item or information required to be delivered by one party to another means that the receiving party agrees not to disclose such item or information to any third party except (i) when ordered or compelled by a court of competent jurisdiction or other governmental or quasi-governmental entity to produce such confidential items or information, or (b) to the partners, directors, officers, agents, employees, attorneys and independent contractors advising or assisting said receiving Party in connection with its rights and obligations under this Lease. Notwithstanding the designation herein of an item or information as Confidential, this provision shall not apply to any item or information that is generally available to the public.

h. Paragraph headings are used in this Lease for convenience only and are not to be considered in the interpretation or construction of this Lease.

i. This Lease is binding upon and for the benefit of Lessor, Lessee, and their respective heirs, personal representatives, successors, and assigns.

(left blank intentionally)

ESP  
RB

EXECUTED the 28<sup>th</sup> day of May, 2010, but EFFECTIVE as of the date shown above.

**LESSOR: SOWELL PROPERTY PARTNERS-MANSFIELD, L.P.**

By: SOWELL PROPERTY COMPANY-MANSFIELD, INC., its General Partner

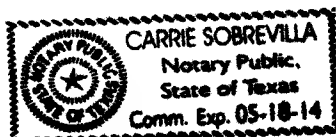
By: [Signature]  
Name: Stephen L. Brown  
Title: President

**LESSEE: BRAXTON ACQUISITIONS, LLC**

[Signature]  
By: Robert Bauer, President

STATE OF TEXAS §  
COUNTY OF DALLAS §

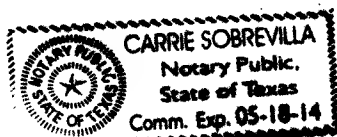
This instrument was acknowledged before me this 28<sup>th</sup> day of May, 2010, by Stephen L. Brown, President of SOWELL PROPERTY COMPANY-MANSFIELD, INC., a Texas corporation, on behalf of said corporation in its capacity as General Partner of SOWELL PROPERTY PARTNERS-MANSFIELD, L.P., a Texas limited partnership, on behalf of said partnership.



[Signature]  
Notary Public, State of Texas

STATE OF TEXAS §  
COUNTY OF TARRANT §

This instrument was acknowledged before me this 28<sup>th</sup> day of May, 2010, by J. Robert Bauer, as President of BRAXTON ACQUISITIONS, LLC., a Texas Limited Liability Company on behalf of said corporation.



[Signature]  
Notary Public, State of Texas



**EXHIBIT "A"**

**83.407 acres**, more or less, located in the S.S. Callender Survey, Abstract No. 359, Tarrant County, Texas, comprising the following land as hereinafter described:

**Tract 1:** 113.805 acres of land, more or less, located in the S.S. Callender Survey, Abstract No. 359 being more particularly described in that certain General Warranty Deed dated November 9, 1998 from Harriett Slaughter Cibelli, Jane Slaughter Kornblut, James William Akin, John Grant Akin, James William Akin as Trustee U/A dated November 15, 1987, and John Grant Akin as Trustee U/A dated November 17, 1989, as Grantor to Sowell Property Partners-Mansfield, L.P. and recorded in Volume 13515, Page 325, Official Public Records, Tarrant County, Texas;

LESS AND EXCEPT FROM TRACT 1: 46.665 acres of land, more or less, located in the S.S. Callender Survey, Abstract No. 359 being more particularly described as Tract 1 in that certain Special Warranty Deed dated March 20, 2001 from Sowell Property Partners-Mansfield, L.P. to Mansfield/Sam, Ltd. and recorded in Volume 14798, Page 106, Official Public Records, Tarrant County, Texas;

AND FURTHER LESS AND EXCEPT FROM TRACT 1: 17.020 acres of land, more or less, located in the S.S. Callender Survey, Abstract No. 359 being more particularly described as Tract 2 in that certain Special Warranty Deed dated March 20, 2001 from Sowell Property Partners-Mansfield, L.P. to Mansfield/Sam, Ltd. and recorded in Volume 14798, Page 106, Official Public Records, Tarrant County, Texas;

AND FURTHER LESS AND EXCEPT FROM TRACT 1: 0.15 acres of land, located in the S.S. Callender Survey, Abstract No. 359, being more particularly described in that certain Quitclaim Deed dated March 20, 2001 from Sowell Property Partners-Mansfield, L.P. to Mansfield/Sam, Ltd. and recorded in Volume 14798, Page 102, Official Public Records, Tarrant County, Texas.

**Tract 2:** 13.545 acres of land, located in the S.S. Callender Survey, Abstract No. 359, being more particularly described in that certain Special Warranty Deed dated August 5, 1999 from Sandra Gail Sponsler, Darcy Lee Knapp Fricks, Shelly Lynn Knapp, and James Christopher Knapp to Sowell Property Partners-Mansfield, L.P. and recorded in Volume 13957, Page 153, Official Public Records, Tarrant County, Texas;

SAVE AND EXCEPT FROM TRACTS 1 AND 2: 14.00 acres of land, more or less, located in the S.S. Callender Survey, Abstract No. 359, described in that certain Special Warranty Deed dated October 9, 2001 from Sowell Property Partners-Mansfield, L.P. to Cedar Point Apartments, L.P. and recorded in Volume 15188, Page 390, Official Public Records, Tarrant County, Texas.

**Tract 3:** 33.892 acres of land, more or less, located in the S.S. Callender Survey, Abstract No. 359 being more particularly described in that certain Special Warranty Deed dated April 26, 2001 from J.D. Kendrick et ux, Melissa Lynn Kendrick, as Grantor to Sowell Property Partners-Mansfield, L.P. and recorded in Volume 14864, Page 188, Official Public Records, Tarrant County, Texas;

EXHIBIT "B"

Being 2.7 acres of land located in the S.S. Callander Survey, Abstract No. 359, Mansfield, Tarrant County, Texas, and being described by metes and bounds as follows:

KRB

BEGINNING at a ½" iron rod set in the Southwest boundary line of the tract of land conveyed to Sowell Property Partners-Mansfield, L.P. in Volume 13515, Page 325, lying S 29° 47' 44" E 899.08 feet from the most Westerly corner of said Sowell Property Partners-Mansfield, L.P. tract.

(with call of N 29° 49' 44" W, 1299.08')

THENCE S 29° 47' 44" E 325.3 feet;

THENCE N 60° 5' 53" E 482 feet;

THENCE N 31° 11' 17" W 48.3 feet;

THENCE N 69° 38' 18" W 293.46 feet;

THENCE S 70° 12' 16" W 296.8 feet to THE PLACE OF BEGINNING, containing 2.7 acres of land.

EXHIBIT B-1  
Page 1 of 1

**EXHIBIT "D"**

**NOTICE OF CONFIDENTIALITY RIGHTS:** IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

STATE OF TEXAS       §  
                               §                   KNOW ALL MEN BY THESE PRESENTS:  
 COUNTY OF           §

**CONVEYANCE OF OVERRIDING ROYALTY INTEREST**

That \_\_\_\_\_ and the other undersigned grantors (herein collectively called "**Grantor**"), for Ten Dollars (\$10.00) and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), does hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN, TRANSFER, SET OVER and DELIVER unto \_\_\_\_\_ ("**Grantee**"), whose address \_\_\_\_\_ is \_\_\_\_\_, an overriding royalty interest ("**Overriding Royalty**") equal to \_\_\_\_\_ percent (\_\_\_\_ %) of 8/8<sup>th</sup> of the market value of all of the oil, gas and other minerals produced and saved from the oil, gas and mineral leases listed on Exhibit A attached hereto and made part hereof to the extent that such leases ("**Subject Leases**") are included in the pooled unit ("**Subject Unit**") described on Exhibit B attached hereto and made part hereof upon which the \_\_\_\_\_ ("**Subject Well**") is bottomed and produces BUT INsofar AND ONLY INsofar AS such oil, gas and other minerals are produced and saved from the wellbore of the Subject Well.

TO HAVE AND TO HOLD the Overriding Royalty unto Grantee, its successors and assigns forever; subject, however, to the following terms and provisions:

1. The Overriding Royalty shall be free of all production and operation expenses (including costs of gathering, treating, compressing and dehydrating produced substances (or otherwise rendering the same marketable) and transporting), but shall bear its proportionate share of production, severance and similar taxes.
2. No Overriding Royalty shall be paid or shall accrue upon any oil, gas or other minerals which are unavoidably lost or used for operating, development or production purposes upon Subject Unit or used in treating production to make it marketable. No Overriding Royalty shall be paid upon gas or casinghead gas used for recycling or repressuring operations benefiting the Subject Unit.
3. No obligation, express or implied, shall arise by reason of the Overriding Royalty which shall obligate Grantor to maintain any of the Subject Leases in force and effect, and all operations under the Subject Leases, and the extent and duration thereof, as well as the preservation of the Subject Leases, or any of them, shall be solely at the will of Grantor, it being expressly understood that Grantee is to receive such interest in the production of oil, gas and other minerals, if, as, and when the same are produced and sold from the wellbore of the Subject Well.
4. This Conveyance of Overriding Royalty Interest shall not be deemed to grant to Grantee any right and power to determine the oil and leases and acreage included in the Subject Unit or to form and amend the Subject Unit.

5. There are no third-party beneficiaries of this Conveyance.

6. This Conveyance of Overriding Royalty Interest is made without warranties or representations, express, implied, statutory or otherwise, all of the same being expressly disclaimed, except for claims made by, through, or under Grantor.

7. No change of ownership of the Overriding Royalty shall be binding upon Grantor until Grantor is furnished with certified copies of the recorded documents evidencing such change. Upon receipt by Grantor of certified copies of documents evidencing a sale, conveyance, assignment or mortgage (or grant of a deed of trust on) the Overriding Royalty, Grantor shall deal with the purchaser or assignee in place of the Grantee and shall deal with the mortgagee (or the beneficiary of the deed of trust) in addition to the Grantee, and references herein to the Grantee shall thereafter also be deemed to be references to such purchaser, assignee or mortgagee (or the beneficiary of the deed of trust).

8. All covenants and agreements of Grantor and Grantee herein contained shall be deemed to be covenants running with the land covered by the Subject Unit. All of the provisions hereof shall inure to the benefit of Grantor, Grantee and their respective successors and assigns.

9. This Conveyance contains the entire understanding of the parties hereto with respect to subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions among the parties with respect to such subject matter.

10. This Conveyance is being or may be executed in several counterparts, all of which are identical. All of such counterparts together shall constitute one and the same instrument. All of such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, this Conveyance is executed this \_\_\_\_ day of \_\_\_\_\_, 200\_, to be effective as of the date of first production from the Subject Well.

[Add Signature Blanks and Acknowledgements for Grantor and Grantee]

SUZANNE HENDERSON

COUNTY CLERK



100 West Weatherford Fort Worth, TX 76196-0401

PHONE (817) 884-1195

BRAXTON ACQUISITIONS LLC  
3221 COLLINSWORTH 210  
FTW, TX 76107

Submitter: BRAXTON ACQUISITIONS LLC

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 6/18/2010 12:07 PM

Instrument #: D210147448

LSE

21

PGS

\$92.00

By: \_\_\_\_\_

*Suzanne Henderson*

D210147448

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY  
BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Prepared by: DBWARD